GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3754
ANSWERED ON:24.03.2017
Centrally Assisted Projects
Koli Shri Bahadur Singh

Will the Minister of FINANCE be pleased to state:

(a) whether several centrally assisted projects have been discontinued due to the Central
Government changes in allocation of taxes and duties between center and States/UTs; (b) if so, the details thereof and the reasons therefor;
(c) whether this step has affected the flow of funds meant for the developmental projects of
States/UTs and if so, the details thereof;
(d) whether the several States have submitted representations against the sharing of Central taxes; and
(e) if so, the details along with the suggestions made by these States, State-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b) The Fourteenth Finance Commission (FFC) after considering all factors, recommend ed enhancement in the share of the States in the divisible pool of Central Taxes and Duties from 32% to 42% with effect from 2015-16, which was accepted by the Union Government. The Explanatory Memorandum on FFC recommendations submitted to the President also brought out that the unconditional transfers of funds to States in the form of higher tax devolution will allow the States greater autonomy in financing and designing schemes as per their needs and requirements. In view of acceptance of the Fourteenth Finance Commission"s recommendations of increasing States" share the Union Government decided to change the funding pattern of Centrally Sponsored Schemes.
Centrally Sponsored Schemes have been broadly divided into three categories i.e. (i) Schemes to be full supported by Union Government which are of national priorities, carrying legal obligations and especially meant for the poor; (ii) Schemes to be run

with the changed sharing pattern having partial funding by both the Union & State governments; (iii) Schemes completely transferred to the States and delinked from Union Support. List of Schemes delinked from Union Support is enclosed as Annex
"A". However, erstwhile Rajiv Gandhi Panchayat Shashaktikaran Abhiyaan (RGPSA) is being implemented as Capacity Building-Panchayat Shashaktikaran Abhiyaan (PSA) as a Central Sector Scheme.

(c) This step has not affected the fund flow meant for the developmental projects of the states as the States started receiving higher share in Central Taxes and Duties by 10%.

(d) & (e) No State has represented against the acceptance of Fourteenth Finance Commission (FFC)"s recommended enhancement in the share of the States in the divisible pool of Central Taxes and Duties from 32% to 42%. However, the Government received representations from states regarding changed pattern in the Centrally Sponsored Schemes (CSS). Government set up a Sub-group i n NITI Aayog under the convenership of Sh. Shivraj Singh Chauhan, Hon"ble Chief Minister, Madhya Pradesh consisting of 12 members, including 10 Chief Ministers of various states, to examine the current Centrally Sponsored Schemes (CSS) framework and recommend sharing pattern and measures for streamlining, flexibility, reforms in Centrally Sponsored Schemes & coordination between the Centre and States for achieving the objective of the Schemes.

The Government has accepted the recommendations of the Sub-group and NITI Aayog on 17th August 2016 has issued modalities regarding rationalization of Centrally Sponsored Schemes (CSS) including their funding pattern. The approved funding pattern of the Centrally Sponsored Schemes (CSS) is as follows:

1. The existing funding pattern will continue for Core of the Core schemes.
n. For Core Schemes, the funding pattern for the 8 North Eastern States and Him1;1layan States of Uttarakhand, Himachal Pradesh and Jammu & Kashmir shall be Centre: 90% and State: 10%, whereas for the rest of the States this ratio shall be Centre: 60% and State: 40%.
m. For Optional Schemes, the funding pattern for the 8 North Eastern States and Himalayan States of Uttarakhand, Himachal Pradesh and Jammu & Kashmir shall be Centre: 80% and State: 20%, whereas for the rest of the States this ratio shall be Centre: 50% and State: 50%.
iv. Ordinarily, no CSS will be sanctioned where the central share is less than
50%.
v. However, all the sharing patterns indicated above shall be subject to the proviso that if the central share is already below that

indicated in the sharing pattern, then the Centre"s share would remain capped at their present level."

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Annex- "A"

Schemes delinked from support from the Centre

1. National e-Governance Plan
2. Backward Regions Grant Funds
3. Modernization of Police Forces
4. Rajiv Gandhi Panchayat Sashaktikaran Abhiyaan (RGPSA)
5. Scheme for Central Assistance to the States for developing export infrastructure
6. Scheme for setting up of 6000 Model Schools
7. National Mission on Food Processing
8. Tourist Infrast